



U.S. Customs and Border Protection

Modernization MONITOR

PROVIDING THE RIGHT INFORMATION TO THE RIGHT PEOPLE AT THE RIGHT TIME AND PLACE



Mae Lam of Toshiba, Barbara Tuffendsam of Procter & Gamble, Cincinatti, and Jim Lietz of Procter & Gamble's Global Cross Border Organization, participate in July ACE importer training session.

ACE Leads Modernization of Trade Operations

The U.S. Customs and Border Protection (CBP) Modernization Program is a critical initiative to improve both border security and efficiency. The vision for Modernization is to provide the right information to the right people at the right time and place. The Modernization Program brings an overarching approach to the planning, definition, development, and implementation of new operational processes and the infrastructure that supports these processes.

A dramatic evolution in the way CBP does business is about to begin with the official launch this fall of the Automated Commercial Environment (ACE) Secure Data Portal, the first major project of the Modernization Program. The ACE is being built in collaboration with the trade community and participating government agencies (PGAs) to improve the efficiency and effectiveness of cargo processing, including conveyances and crew. Future Modernization projects will focus on enforcement, passenger operations, and mission support functions such as finance and human resources.

The ACE is being developed using a phased approach featuring a series of "releases." Each release includes specific features and capabilities to be deployed at field locations. Each new release will leverage the previous releases and bring new capabilities to the trade community and government users.

See ACE to Lead Modernization on page 7

Key ACE Features At-A-Glance

The ACE encompasses four categories of features: Security and Commercial Accounts; Cargo and Enforcement Processing; Post-Release Processing; and Reference Data. After roll-out of initial capability in each of these feature areas, enhancements will be added across the eight releases. The following descriptions outline some of the key functions to be deployed incrementally through 2007.

Security & Commercial Accounts

Security & Commercial Accounts enable the trade community, CBP, and eventually PGAs to adopt modern, commercial business practices for managing transactions and revenue. This feature moves operations from a transaction-by-transaction basis to a consolidated operational approach that tracks import, export, and in-transit activity in a comprehensive account-based view. The ACE will process periodic payment of duties instead of collecting payments by transaction, resulting in significant savings for both the trade community and CBP.

See ACE At-A-Glance on page 5

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Message from Charles R. Armstrong, Acting Assistant Commissioner, Office of Information and Technology

Charles R. Armstrong

As Acting Assistant Commissioner of the Office of Information and Technology (OIT), I would like to welcome you to our inaugural edition of *Modernization Monitor*. With the launch of the first on-line release of our Modernization effort, the ACE Secure Data Portal, I thought it was important to reach out to our trade community partners, participating government agencies, and others about coming changes in the way we do business. Modernization will make it safer, easier, and less costly for the international trade community to do business and help keep our global economy healthy and growing.

As part of that effort, the new CBP is consolidating border operations like never before. We are now part of the new Department of Homeland Security. That means we are changing our name, and integrating functions from four different federal agencies. I want to assure you we are not changing our strong relationships with our trade community and other partners. While E-mail addresses, seals, and stationery will look different, our commitment to ensuring safe and efficient trade will remain our top priority. With a consolidated CBP, we will be presenting "One Face at the Border," and with the ACE Secure Data Portal we will be using "one screen" to process all the important data needed to ensure effective border operations.

The ACE Secure Data Portal will offer one-stop shopping for trade community dealings with all participating government agencies. The launch of the portal promises to dramatically enhance the U.S. government's abilities to secure our nation's borders and increase efficiency in the handling of international trade. Future editions of this newsletter will provide details on how and when ACE can help you more efficiently navigate the international supply chain to American borders.

I hope the periodic publication of *Modernization Monitor* will help keep you up-to-date on Modernization progress. If you have questions about the Modernization effort or would like to individually subscribe to this newsletter, E-mail us at cbpmo@dhs.gov. I look forward to hearing from you.



Message from Lawrence J. Rosenzweig, CBPMO Business Executive

Lawrence J. Rosenzweig

Maintaining a field perspective is critical to the success of CBP Modernization. As the CBPMO Business Executive, my role is to make sure we do not lose sight of the purpose of the Modernization effort – it is not just about technology, it is about improving the trade process for everyone. Specifically, my job is to make sure we effectively integrate the operational and technical efforts of ACE and future Modernization projects.

Modernization is about change and we need to effectively address change by first communicating with the people being directly impacted. Our goal with this newsletter is to communicate with both trade and government users to ensure all perspectives are represented and well informed.

Outreach to the trade community is especially important. We have created the Trade Support Network (TSN) to obtain trade input into the design and development of Modernization projects like ACE. I would like to take this opportunity to thank the TSN members for their participation. For more information about our Modernization efforts, we invite you to look for the Modernization and ACE link on our website, www.cbp.gov.

CBP Modernization Monitor

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Gene Rosengarden

Message from Gene Rosengarden, Chairman, International Trade Data System (ITDS) Board of Directors

I am very encouraged by the current level of trade and federal agency participation in ITDS development. To date, the ITDS Board has established, among other things, an ITDS standard data set, agency profiles, high-level data requirements, and an ITDS pilot. Several agencies, including the Federal Motor Carrier Safety Administration, the Animal Plant Health Inspection Service, the Food and Drug Administration, the International Trade Commission, the Maritime Administration, and the U.S. Army Corps of Engineers have already begun integration of their operations into the design and development of ITDS. Our article presents an overview of ITDS. Future articles will address ITDS data harmonization, cross-agency working groups, and agency integration. Visit our website at ITDS.treas.gov.

ITDS: Government Agencies Collaborate for Faster and More Secure Trade

by Max Castillo, Jr.,
Office of Regulatory Affairs,
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ITDS Program Support Group and
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More than 100 federal agencies are involved in international trade. More than two dozen collect international trade and transportation data from the private sector before or at the time of inspection at the border. For both imports and exports, members of the trade community are required to submit data to one or more federal agencies to determine, among other things, the legal admissibility of the merchandise and the safety of conveyances and products. In many cases the trade community must provide this data separately to several agencies, using different automated systems, multiple paper forms, or a combination of the two.

Chartered in 1995, the ITDS Board is comprised of high-level executives from federal departments with substantial involvement in the operation, analysis, policy development, and promotion of international trade. The ITDS vision is to work with federal agencies involved with international trade and promote consolidation and integration of information resources government-wide. The aim is to provide a "single-screen" on-line access point for the electronic collection, use, and dissemination of international transaction data covering cargo, crew, and conveyances. A goal of ITDS is to receive required data prior to the actual arrival of the conveyance at the border, allowing the appropriate federal agencies to undertake risk assessment analysis prior to physical entry to, or exit from, the United States.

In 1999, the ITDS Board and CBP partnered to incorporate ITDS functions into ACE through the single-screen ACE Secure Data Portal. Incorporation of ACE with ITDS will facilitate integration of the requirements of federal agencies responsible for managing international trade and transportation processes and provide them with data and various capabilities to support their respective missions. Through the portal, ITDS will facilitate integrated risk management for all modes of transportation for each import, export, and in-transit transaction.

Additionally, ACE will provide the trade community with a streamlined filing process that will fulfill multiple government trade data requirements, resulting in faster cargo release and more timely status notifications.

Following are principles governing the integration of ITDS into ACE.

Unified Business Process

A single process applied consistently across ports and modes of transportation.

Data Harmonization

A standard data format incorporating each agency's required data elements.

Government-wide Consolidation

Streamlined trade reporting and government cargo release requirements.

Public Policy and Analysis

More complete, timely, and accurate data for policy formulation, trade negotiation, and export expansion.

Providing a single window through which the trade community can report its data will increase cooperation among federal agencies. Sharing relevant trade information and combining the risk management resources of PGAs will facilitate border processing and enhance government's capacity for improved decision-making and more comprehensive analysis.

The New CBP: Creating “One Face at the Border”

by Ruth A. Welch
Communications Manager, CBPMO

With the transition to the new Department of Homeland Security (DHS), the new U.S. Customs and Border Protection (CBP) brings U.S. border agencies together, merging distinctly separate agencies from three different departments into one. The trade community will no longer have to deal with multiple personnel, agencies, or departments of government to move goods through CBP ports. In unifying these agencies, we will be able to create “One Face at the Border.”

As of March 1, 2003, CBP is part of the Border and Transportation Security (BTS) Directorate of DHS, embarking on one of the more complex mergers in U.S. government history. This merger is designed to provide a holistic view of the nation's borders. It will allow a comprehensive strategy to be developed for securing over 300 ports of entry and the entirety of the nation's borders – from north, south, east, and west to Alaska, Hawaii, and the U.S. territories.

The goal of the CBP merger is to streamline the way CBP does business with the trade community and others at all the nation's ports of entry – seaports, airports and land border crossings.

To create CBP, almost all of the former U.S. Customs Service was merged with half of the personnel from the former Immigration and Naturalization Service (INS), including immigration inspectors and the entire Border Patrol, as well as with agricultural border personnel from the Animal and Plant Health Inspection Service (APHIS). Customs Special Agents, the plainclothes criminal investigators, and the Air and Marine Interdiction Division were shifted to U.S. Immigration and Customs Enforcement (ICE), along with investigators from the former INS.

The goal of the CBP merger is to streamline the way CBP does business with the trade community and others at all the nation's ports of entry – seaports, airports, and land border crossings. An integrated, effective CBP is a cornerstone of the DHS mission. When combined with Customs trade, revenue, and support functions, CBP comprises over one-fifth of the DHS workforce – a reflection of the importance being placed on border security in the fight against international terrorism. U.S. Customs and Border Protection has one of the more crucial roles in protecting the American people, as well as the American economy.

Ask the CBPMO:

Q: How does a company become one of the next 1100 importers, brokers, and carriers to be added to the ACE project next year? What are the requirements?

A: To become one of the next trade participants in ACE, U.S. Customs and Border Protection (CBP) invites importers to refer to the Federal Register Notices (FRNs) of May 1, 2002, (Vol. 67, No. 84), and June 18, 2002, (Vol. 67, No. 117). These two FRNs describe the application process and requirements for participation in the ACE test. U.S. Customs and Border Protection is planning to publish three FRNs next year. The first two, scheduled for publication in January 2004, invite the participation of brokers and carriers in the ACE program and open the account application period for all transportation modes, as well as announce the test of the new periodic statement feature. In July 2004, the third FRN will announce the pilot test for the Automated Truck Manifest.

Q: Will ACE also replace the Automated Manifest System (AMS)? If yes, when will this happen?

A: With the introduction of the ACE Automated Truck Manifest next year, ACE and AMS will transfer manifest, bill of lading, and release information between the two systems. U.S. Customs and Border Protection will continue to support the existing AMS system, and eventually when ACE automated manifest covers all modes of transportation, ACE and the current AMS will be in sync. In addition, ACE will offer new options in terms of manifest processing for all modes of transportation and the current legacy AMS/ACS systems. To receive the benefits of ACE, including new expedited release processing, trade users will be required to switch to ACE software. However, the existing AMS software will be maintained for some time.

Please send additional questions to the CBPMO at cbpmo@dhs.gov.

New ACE Tracking, Action, Reporting Tools

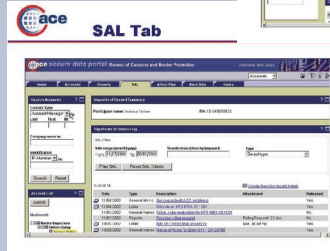
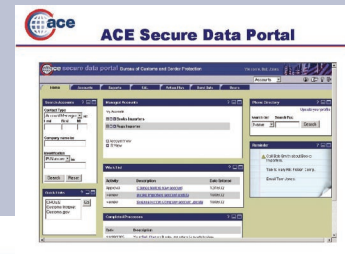
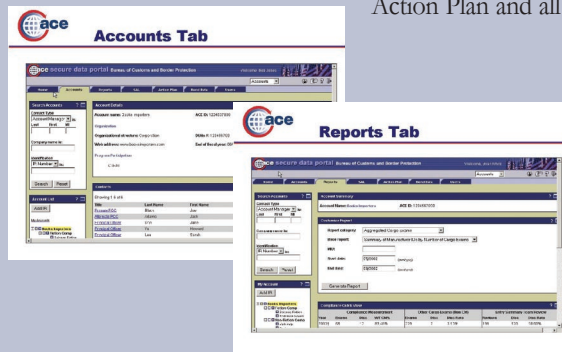
These are some of the initial tools that became available with the pilot test of the ACE Secure Data Portal this summer.

Significant Activity Log (SAL)

A new feature for both the trade community and CBP, the SAL tracks all significant communication and activities between the trade community and CBP. The SAL provides a permanent record for all authorized users designated by CBP. Additionally, it permits CBP officials and their trade counterparts to simultaneously review the same activities online.

Online Account Action Plan

Prior to this release of ACE, the Account Action Plan was a paper document used by the trade community and CBP to track compliance issues and implement improvement plans. The ACE Secure Data Portal now allows for the Action Plan and all associated collaboration to take place on-line.



Quick Views/Reporting Features

Through Quick Views, participating importers, and eventually their designated brokers and carriers, will be able to access summarized account data or Importer of Record activity. These views include Compliance, Total Entered Value by Year, Top 5 Ports, Top 5 Filers, and Top 5 HTS Codes. The reporting feature also allows the importer to select from 41 available reports to obtain additional transactional information.

ACE At-A-Glance (continued from page 1)

Cargo & Enforcement Processing

Using ACE, the trade community, CBP, and PGAs will ultimately be able to make faster and more informed decisions for processing imports and exports. Using Advance Manifest & Cargo Data capabilities will enable importers and exporters to file cargo information electronically before arrival at the port. For example, from the beginning of the international supply chain when foreign goods are first shipped, CBP will be able to process and analyze this data to determine if the entry can be accepted and released into the United States. The trade community should expect faster, more predictable processing of their cargo, conveyances, and crew. In addition, there will be significant reductions in the amount of data required for CBP release of goods, subsequent processing, and multi-agency processing.

Post-Release Processing

Post-release processing will integrate all import and export activities from release to the final determination of any duties, taxes, or fees owed, including entry summaries and payment adjustments. Post-release processing capabilities will provide a consolidated view of entry information and allow for handling of protested items on a line-item basis without disrupting settlement of other issues. These capabilities will result in more efficient, faster processing.

Reference Data

Reference data needed to support all ACE processes will be stored on-line in a central place as a single resource for information needed by the trade community, CBP, and PGAs. Information and data contained in the on-line reference data repository will include regulations and rulings, statutes, and the Harmonized Tariff Schedule (HTS).

Future Features Facts: Periodic Payment and Automated Truck Manifest

Periodic Payment

Next year, ACE will begin the transition of Account Revenue operations from a transaction-by-transaction process to a consolidated, periodic statement and payment for Automated Clearinghouse (ACH) Debit and ACH Credit participants. The ACH is the current CBP electronic payment system. This feature will initially consolidate Periodic Daily Statements into a Periodic Monthly Statement, and will be available for both importers who are ACE participants, and their designated brokers.

A *Federal Register Notice* will be issued in January 2004, announcing the testing of the ACE periodic payment and account revenue features. The notice will provide an overview of the purpose of the test in addition to providing more specific information with respect to eligibility requirements and the application process.

Automated Truck Manifest

With the ultimate goal of moving trucks across the border faster, testing of the ACE automated truck manifest feature is scheduled to begin next year. U.S. Customs and Border Protection will make use of both current and ACE technology to provide the trade with greater flexibility to comply with the statutory (Section 343 of the Trade Act of 2002) and soon to be regulatory requirements.

The second January 2004 *Federal Register Notice* invites all modes of transport to submit applications for the establishment of carrier accounts. The initial accounts will be established for truck carriers, followed by other modes of transport. Subsequently, in July 2004, CBP plans to issue a third notice announcing automated truck manifest testing.



The first ports to implement the automated truck manifest will be Blaine, Washington; Buffalo and Champlain, New York; Detroit and Port Huron, Michigan; Laredo, Texas; and Otay Mesa, California, with the first port to begin testing next year.

ACE Meeting the Test with Users

As part of its efforts to provide the initial ACE importer participants with the smoothest transition possible to the ACE Secure Data Portal, CBP has been providing user testing to give these first ACE users a hands-on look at how the portal works.

To that end, three-day training sessions were held this summer for all ACE participants, including the first 41 importers and the CBP personnel servicing their accounts. Designed to educate initial ACE users on the primary features and functions of the ACE Secure Data Portal, the first two days covered key system features and functions. The last days were used to set up account structures and included CBP account manager participation.

The summer sessions were part of a continuing series of opportunities for ACE users to provide important feedback on the system. A one-half day user test was held in the spring among a small, volunteer group of initial ACE participants. This session was designed to provide CBP with feedback regarding the capabilities and user friendliness of the portal and give participants an opportunity to provide suggestions for improvements. U. S. Customs and Border Protection performed this cycle of tests to ensure it obtained an objective evaluation of the system based on a "real world" business environment.

The testing sessions provided ACE users with a more comprehensive understanding of the overall performance, features, and functions of the ACE Secure Data Portal. So far, user tests have provided CBP with valuable user feedback on various features and functions.

ACE to Lead Modernization (continued from page 1)

One of the major benefits of ACE is the move from transaction-by-transaction processing at the border to more efficient account-based operations throughout the international supply chain. This will allow for consolidation of all information about a single account for all government agencies. Unlike current operating processes – many still paper-based – the ACE Secure Data Portal will allow the trade community, CBP, and PGAs to interact and collaborate on-line.

The initial roll-out of the ACE Secure Data Portal is known as Release 2 in the multi-phase ACE operational plan. The portal is a single screen, on-line gateway to information the trade community, CBP officials, and other government agencies need to help ensure secure and efficient international trade. This summer, the portal became available to selected CBP employees and 41 importer accounts. This initial group of importers includes small, mid-sized, and major companies. Access to ACE will potentially be

expanded to 1,100 accounts in 2004 and gradually offered to the entire trade community.

With the roll-out of the ACE Secure Data Portal, initial account management capabilities will be available to authorized users on the Internet. The initial importer accounts selected to participate in ACE, in addition to a number of CBP employees working with those accounts, are currently involved in the process of evaluating the portal. Once the evaluation period is complete, ACE access will be extended to a broader audience over the next several years, including all types of trade accounts (i.e., importers, brokers, carriers, sureties, exporters, etc.), additional CBP employees, and participating government agencies.

As one of the key components of the Modernization effort, the ACE Secure Data Portal will have the ability to be expanded and updated for years to come, creating a more secure, flexible, integrated, and global operating system.

ACE: Balancing Security and Trade

The terrorist attacks of September 11, 2001 raised the public's awareness of port security and the critical role CBP plays in our nation's security. This heightened awareness has made the priority mission of CBP to protect American citizens from terrorist acts, illegal cargo, and unsafe goods while facilitating legitimate commerce.

Advance Information Enhances Homeland Security

Port security initiatives, such as the Container Security Initiative (CSI) and the Customs-Trade Partnership Against Terrorism (C-TPAT), help to ensure the secure flow of trade. In conjunction with CSI and C-TPAT, ACE will play an important role in this effort.

The ACE will provide the tools to improve the targeting and pre-screening of high-risk containers before they arrive at U.S. ports. It will electronically capture advance data from the international supply chain, process this data through sophisticated risk analysis tools, and generate information to identify and confirm potential violations of U.S. laws.

"...We must therefore promote the efficient and reliable flow of people, goods and services across borders, while preventing terrorists from using transportation conveyances or systems to deliver implements of destruction."

— National Strategy for Homeland Security, February 2002

Account Management Facilitates Security Analysis

The ACE account management feature will enable CBP to transition operations from a transaction-by-transaction process to a consolidated account approach to tracking imports, exports, and in-transit goods in a single comprehensive view. Account management will provide the trade, CBP, and PGAs consolidated information that will enable them to make more informed decisions regarding the transactional data.

Centralized Information Sharing

One of the challenges facing the Department of Homeland Security is sharing enforcement and intelligence information. The ACE will enable secure linkages to other law enforcement and intelligence agencies' systems.

As ACE improves business processes, it will help secure our nation's borders by freeing up inspectors to focus on illegal

transactions. The ACE will improve the government's ability to target illicit cargo, illegal crew, and unsafe conveyances. These capabilities will help combat terrorism, integrate information effectively, and facilitate legitimate trade around the world.

ACE Ambassadors Become Champions of Modernization

by Maria Navarrete
ABI Client Representative, CBP

The ACE Ambassadors Program offers a one-on-one approach to spreading the word on Modernization and ACE. Ambassadors deliver helpful information about Modernization and ACE to the trade community, CBP, and PGAs. Created in August 2002, the program, currently with 86 certified Ambassadors and growing, creates a strong network of CBP employees ready and able to share the latest information about Modernization and ACE.

Ambassadors chosen from throughout CBP are being prepared to deliver an overview of the Modernization program and ACE capabilities. Through the Ambassadors program, the CBPMO will be able to better respond to the growing interest in ACE and the increasing number of information requests concerning Modernization and ACE.



ACE Ambassadors Millie Gleason and Roland Suliveras prepare for an ACE Update briefing.

As each ACE release brings new capabilities to the trade community, CBP, and PGAs, effective communication will be critical to the successful implementation of the system.

Local Ambassadors will typically be located at CBP ports and hold events in their local communities. Called “New World, New Tools Days,” these events will be targeted to specific audiences within the trade community, CBP, and PGAs. These events will typically include one-hour briefings, group discussions, and face-to-face conversations with the ACE Ambassador or other ACE representatives to promote a better understanding of an upcoming release of ACE capability.

If you would like more information on the ACE Ambassador program or would like to have an Ambassador conduct an outreach event for your group, please contact us at: CBPMO@dhs.gov.

“ACE Ambassadors’ participation in the Modernization program is instrumental to the successful implementation of ACE. The ACE Ambassadors are our direct link to the field and have the power of word-of-mouth to make this a smooth transition.”

— Charles R. Armstrong, Acting Assistant Commissioner, OIT

Acronym List

ABI	Automated Broker Interface	CSI	Container Security Initiative
ACE	Automated Commercial Environment	C-TPAT	Customs Trade Partnership Against Terrorism
ACH	Automated Clearinghouse	DHS	Department of Homeland Security
ACS	Automated Commercial System	FAST	Free and Secure Trade
AMS	Automated Manifest System	ITDS	International Trade Data System
CBP	U.S. Customs and Border Protection	HTS	Harmonized Tariff Schedule
CBPMO	Customs and Border Protection Modernization Office	PGAs	Participating Government Agencies
		SAL	Significant Activity Log
		TSN	Trade Support Network